

REC'D IN
REGULATORY UNIT.
99 OCT 27 PM 4 09

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

October 27, 1999

CLERK OF THE
EXECUTIVE SECRETARY

IN RE:

**YEAR 2000 COMPLIANCE OF
PUBLIC UTILITIES IN THE
STATE OF TENNESSEE**

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DOCKET NO. 99-00273

**PETITION FOR RECONSIDERATION
BY ALEC, INC.**

This matter came before the Tennessee Regulatory Authority ("Authority") on its own motion, acting pursuant to authority granted under Tenn. Code Ann. § 65-3-106 against ALEC, Inc. for failure to comply with the Authority's Order of May 21, 1999.

ALEC, Inc. did not receive proper notice of the above-referenced Show Cause. It appears that the Authority mailed correspondence to ALEC, Inc.'s prior address. ALEC, Inc. is currently located at 1301 Broadway Street, Paducah, Kentucky 42001. ALEC, Inc. currently does not have any customers in the State of Tennessee. ALEC, Inc. submitted its Y2K Compliance Report to the Authority on October 20, 1999, Exhibit 1.

ALEC, Inc. requests reconsideration by the Authority. ALEC, Inc. respectfully requests the Authority to dismiss the show cause proceedings against ALEC, Inc. dated October 19, 1999.

FILE

FURTHER, ALEC, Inc. respectfully requests that the Authority dismiss this matter without prejudice.

Respectfully submitted,

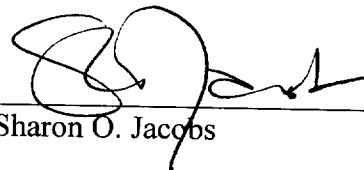


John Knox Walkup, Esq.
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WYATT, TARRANT & COMBS
1500 Nashville City Center
511 Union Street
Nashville, TN 37219
Tel: 615.244.0020
Fax: 615.256.1726

Attorneys for ALEC, Inc.
1301 Broadway Street
Paducah, KY 42001

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the Petition for Reconsideration was served upon K. David Waddell, Executive Secretary, Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, TN 37243 and Richard Collier, Assistant State Attorney General, 425 Fifth Avenue North, Nashville, TN 37243, by U.S. mail, postage prepaid, this 27th day of October, 1999.


Sharon O. Jacobs

WYATT, TARRANT & COMBS

1500 NASHVILLE CITY CENTER

511 UNION STREET

NASHVILLE, TENNESSEE 37219-1750

615 244-0020

FAX: 615 256-1726

CITIZENS PLAZA
LOUISVILLE, KY 40202-2898
502 589-5235

1700 LEXINGTON FINANCIAL CENTER
LEXINGTON, KY 40507-1746
606 233-2012

TAYLOR-SCOTT BUILDING
FRANKFORT, KY 40601-1807
502 223-2104

ELSBY BUILDING
NEW ALBANY, IN 47150-3440
812 945-3561

29 MUSIC SQUARE EAST
NASHVILLE, TN 37203-4322
615 255-6161

313 E. MAIN STREET, SUITE 1
HENDERSONVILLE, TN 37075-2546
615 822-8822

6075 POPLAR AVENUE, SUITE 650
MEMPHIS, TN 38119-4721
901 537-1000

10368 WALLACE ALLEY STREET, SUITE 6
KINGSPORT, TN 37663-3977
423 279-1825

WRITER'S DIRECT DIAL NUMBER

615 251-6713

October 20, 1999

Mr. Eddie Roberson
Chief Consumer Services Division
Tennessee Regulatory Agency
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: ALEC, Inc.


Dear Eddie:

As we discussed this afternoon, I am writing in response to the Order issued on October 19, 1999 with regard ALEC, Inc. On behalf of ALEC, I am submitting their response to the Y2K Compliance Reports. ALEC immediately responded to the request upon my receipt of the notice you sent me yesterday.

ALEC currently does not service any Tennessee clients. ALEC is working to expand its' business to include Tennessee customers. ALEC was unaware of the Y2K Compliance Reports. It appears your notices were sent to ALEC's prior business address. The new business address, which was provided to the TRA following the initial application, is; 1301 Broadway Street, Paducah, Kentucky 42001.

The enclosed is being provided prior to a hearing. If you have any questions after you have reviewed the enclosed, please feel free to call me or Sheri Jacobs if I am not available. Thank you for your assistance.

Sincerely,


John Knox Walkup

Enclosures

CC: David Waddell, Executive Secretary

EXHIBIT 1

FILE

ALEC, Inc.

1301 Broadway St.
Paducah, KY 42001

October 20, 1999

David Waddell
460 James Robertson Parkway
Nashville, TN 37243-0505

Mr. Waddell:

In the recent past we received a letter and application to review and return to the Tennessee Regulatory Authority regarding the current state of ALEC, Inc.'s business in Tennessee. I seem to recall the application requesting current line counts, revenue, and/or customer counts for any business ALEC had transacted in that state.

At this time, ALEC, Inc. has no customers within the state of Tennessee as we have not yet completed the establishment of our network in that area. I was informed by someone on staff there that we should send a letter to your attention to this effect, rather than complete the application. If I was misinformed, please let me know and we will return the status application to you immediately. If you have further questions or comments, feel free to contact me via telephone at 615-599-7019 or via e-mail at jeff@apex.net. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Cameal', written over a horizontal line.

Jeff Cameal
Vice President

ALEC, Inc.

1301 Broadway St.
Paducah, KY 42001

October 20, 1999

Mr. David Waddell
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Mr. Waddell:

We have recently received your letter dated Sept. 23, 1999 regarding the Y2K compliance report for ALEC, Inc. I am sorry to report that, to my knowledge, we have received no Y2K Order Docket No. 99-00273 to date. However, my assumption is that it is a docket requesting Y2K compliance reports from telecommunication providers in Tennessee, so I will try to address that point in this letter.

As we noted in our application to the TRA for certification to provide service in Tennessee, ALEC, Inc. uses Digital Telecommunications, Inc. (DTI) switching infrastructure almost exclusively. To that end, we have requested and received the DTI Y2K compliance statement, and I am enclosing it with this letter. If for some reason this information is inadequate to fulfill the request of the above docket, please feel free to contact me at 615-599-7019 or via email at jeff@apex.net and I will resolve the issue as quickly as possible.

Sincerely,



Jeff Carneal
Vice President

ADDENDUM TO DXC/LIM PURCHASE AGREEMENT
BETWEEN DIGITAL TELCOMMUNICATIONS, INC. AND
ALEC INC. DATED OCTOBER 15, 1999 (THE "AGREEMENT")

The following shall be added after paragraph 7.e. of the Agreement:

"With respect to all Products provided to Customer under this Agreement, DTI warrants to Customer that the hardware and software Products developed and manufactured by DTI, were designed and/or tested to be capable of correctly processing, storing, recording and presenting data containing dates in the Year 2000 and thereafter in the same manner as data containing dates prior to the Year 2000, but only to the extent that such Products were intended to so process, store, record and present data containing dates. DTI further warrants that to the extent its internal systems impact its relationship with Customer, DTI has used commercially reasonable efforts to help ensure that such systems also comply with the foregoing warranty. Notwithstanding the foregoing, these warranties shall not apply to any problems associated with software, hardware, or other technology with which the Products are combined and/or interoperate and are void immediately upon any modification to the Products other than modifications performed by DTI or its agents [or modifications consistent with the documentation accompanying the Products].

DTI's sole and exclusive obligation for breach of the foregoing warranty shall be to use commercially reasonable efforts to correct any noncompliance with such warranty."

The foregoing warranty shall be subject to all of the exclusions and limitations contained in the Agreement.

AGREED BY:

DTI:

By: Frank Iacono
Frank Iacono

Date: October 18, 1999

CUSTOMER:

By: [Signature]

Form A

Tennessee Regulatory Authority Y2K Compliance Report
File with Eddie Roberson, Chief Consumer Services Division
on or before September 1, 1999

1. Please provide an overview of your utility's Y2K readiness by filling in the table below:

| Company name | Inventory | Assessment | Remediation/Testing | Estimated Completion Date |
|--------------|-----------|------------|---------------------|---------------------------|
| AJEC, Inc. | % 100 | % 100 | % 100 | Completed |
| | | | | |

**use percentages complete in the categories*

Definitions

Inventory – The process of identifying all the system related components within the company. The inventory should include all applications, databases, files, hardware and other related system components that will require inspection to locate date data and date processing.

Assessment – The process of determining where date systems are used within the inventory and whether they are impacted by Y2K.

Remediation/ Testing – Remediation is the modification or repairing of the systems negatively impacted by Y2K. Testing is the executing of remedial steps to determine whether the actions taken to repair the systems worked properly.

Estimated Date – The best estimate of when all systems will be modified and tested to ensure all are Y2K compliant.

2. Provide the name, title, address, phone number, and electronic mail address of the utility's Y2K project leader.

Answer: Jeff Corneal / President / 1301 Broadway
PO Box 1377, Paducah, KY, 40302-1377 / jeff@qex.net

3. The rank/title of the highest person in the organization who spends 80% of his or her time on Y2K issues.

Answer: N/A

4. Provide an assessment of the readiness of the utility's critical systems. This analysis should provide the percentage of remediation and testing along with estimated completion dates as described above. Critical systems are defined as any system whose failure will affect the ability of the utility to deliver any core service.

Answer: Critical systems include only DTI switches, which have been tested for compliance.

5. Provide an assessment of the readiness of the utility's non-critical systems. This analysis should provide the percentage of remediation and testing along with estimated completion dates as described above. Non-critical systems are defined as any system whose failure will not affect the ability of the utility to deliver any core service, but may affect internal operations such as customer service functions.

Answer: N/A (No non-critical systems)

6. Has your utility coordinated and tested its Y2K compliance program with emergency 911/E911 providers?

Answer: N/A (No E911 service yet provided within TN by ALEC)

7. Provide, if available, information on any investigation or inquiries conducted on how the lack of compliance by other companies or service providers may compromise your utility's ability to provide services.

Answer: SS7 network failure would be critical (Bell). Power failure, obviously, would be a potential issue if prolonged.

8. Does your utility have a contingency plan to anticipate and resolve potential Y2K failures, including whether all contingency materials have been acquired or ordered, and whether the contingency plan has been tested? Please provide a copy of whatever contingency plan your utility has concerning Y2K.

Answer: N/A

9. Do you foresee any service problems or outages resulting from the Y2K problem? If yes, please explain where problems are likely to occur and state what strategies your company is taking to address them.

Answer: Not if a) Bell's systems are compliant, b) we still have power on Jan 1, 2000.

10. Has the utility informed its customers of the effects that possible Y2K service disruptions might have upon them including customer-owned equipment essential to the utility's service offerings? If yes, please provide how and when the customers were notified.

Answer: N/A (No TN customers at this time)

11. Has your utility utilized the services of an outside consultant in addressing Y2K? If yes, provide the name and address of the consultant(s).

Answer: DTL (Switch manufacture)

12. Approximately how much money has your utility spent on its Y2K program to date?

Answer: N/A

Jeff Camed / 270-442-5243

Name and telephone number of person(s) responding to survey

10-19-99

Date

Tennessee Regulatory Authority Y2K Compliance Report – Form B

Return to Glynn Blanton, Chief, Gas Pipeline Safety Division, on or before September 1, 1999

Company Name: ALEC, Inc**Individual Responsible for Y2K Compliance Program**Name: Jeff CornelTitle: Vice Pres.Street Address: PO Box 1377 / 1301 BroadwayState: NY Zip: 4002 1377Phone: 870-442-5363E-mail Address: jeff@alex.net**A.1. Survey Applicability**

Does your company have systems that may be affected by Year 2000 (2-digit date code) problems, and which might have an effect on the operation or reliability of your operations or business?

- ☐ No Please provide separately a brief comment on what your company does and return the survey without continuing further.
- ☒ Yes Please continue with survey.

A.2. Year 2000 Action Plan. Do you have a plan that comprehensively addresses the following?**Yes No N/A***

- ☒ ☐ ☐ **Prioritization:** Have you prioritized your company systems, software and embedded systems, into a hierarchy of mission-critical systems prioritized by 1) safety, 2) deliverability/reliability, 3) customer support and administrative systems (metering, billing, etc.). If not, please outline hierarchy on separate sheet.
- ☒ ☐ ☐ **Supporting Infrastructure:** Does your plan address facilities, internal telecommunications, emergency response systems, vehicles and other supporting infrastructure?
- ☐ ☒ ☐ **Supply Chain:** Does your plan include an assessment of the Year 2000 readiness of your mission-critical business partners – e.g., suppliers, partners and customers, including telecommunications, electric suppliers, governmental agencies, financial and other service providers, etc.?
- ☒ ☐ ☐ **Services:** Does your plan include any products or services that you supply that may have Y2K implications?
- ☒ ☐ ☐ **Testing:** Does your plan require testing of all systems by July 30, 1999? 100 % Complete
- ☐ ☐ ☒ **Coordination Exercises:** Do you have an interdependency test plan with other companies and organizations, to ensure functionality with mission-critical business partners, local emergency organizations, etc.?
- ☒ ☐ ☐ **Communications Program:** Internal: to ensure everyone in the company is aware of the issue, that the company has a plan, etc. External: to communicate with suppliers, customers, financial, insurance, emergency, regulatory officials, etc.

*N/A: Not applicable due to the nature of your business.

SECTION B. - SURVEY ON Y2K ACTIONS & STATUSB.1. On what date is this survey being completed? 10-19-1999

B.2. How long has your company been actively addressing the Year 2000 issue?

| | 5 yrs | 2 yrs | 1 yrs | 6 months or less | Not yet started |
|--------------------------------|--------------------------|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Software | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Firmware/ Embedded Systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Supply Chain Business Partners | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Contingency Planning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(N/A)

B.2. Legal and Financial Assessment

☐ Y ☒ N Has your company conducted a formal, enterprise-wide assessment of the potential legal and financial risks presented by the Y2K problem?

☐ Y ☒ N If "No" do you intend to conduct one? Completion date? _____

If "Yes" have you identified significant legal and financial areas of uncertainty?

☐ Very Significant☐ Somewhat Significant☐ No Uncertainties

Please list specific areas of uncertainty _____

B.3. If your company has initiated development of a Year 2000 contingency plan, please indicate the stage and status of the planning for each of the areas:

| | Not Applicable | Developing | Completed | Completion Date |
|--|-------------------------------------|--------------------------|-------------------------------------|-----------------|
| A. Operations, Production, Processing, Safety Systems | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| B. Transportation, Distribution Services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| C. Communications and Infrastructure Services | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>10-18-99</u> |
| D. Financial, Human Resources, Administrative Services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| E. Security and Emergency Response & Procedures | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| F. Environmental Monitoring & Control | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

B.4. Please indicate the stage your company is in for each of the below areas. The intent is to capture the total plan or business area functionality status. Completion date refers to the line item.

| | Not Applicable | Percent Completed | Completion Date |
|--|----------------|-------------------|-----------------|
|--|----------------|-------------------|-----------------|

By System:

Software Systems

Firmware/Embedded Systems

By Business Areas:

Financial/Administration

Operations

Interfaces (Business Partners)

| | | |
|-------------------------------------|-------------|----------------|
| <input type="checkbox"/> | <u>100%</u> | <u>Aug '99</u> |
| <input type="checkbox"/> | <u>100%</u> | <u>Oct '99</u> |
| <input type="checkbox"/> | <u>100%</u> | <u>Sep '99</u> |
| <input checked="" type="checkbox"/> | | |
| <input checked="" type="checkbox"/> | | |

B.5. ☐ Y ☒ N Do you anticipate service outages or other problems as a result of Y2K?B.6. ☒ Y ☐ N Were the services of an outside consultant utilized to address Y2K?B.7. How much money to date has been spent on your Y2K program? N/A